GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1947
ANSWERED ON:05.08.2005
VAT REBATE TO S.E.Z. ENGAGED COMPANIES
Narhire Smt. Kalpana Ramesh

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to give rebate in VAT to the companies engaged in Special Economic Zones;

(b) if so, the details thereof along with the percentage of rebate proposed to be given;

(c) if not, the reasons therefor; and

(d) the names of the companies included in S.E.Zs?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (d): VAT, being a tax on sale or purchase of goods within a State, is a State subject under Entry 54 of the State List of the Constitution of India. The design of VAT has been finalized by the States collectively, through the deliberations in the Empowered Committee of State Finance Ministers, according to which the units located in Special Economic Zones will be granted either exemption from payment of input tax or refund of the input tax paid within 3 months. This benefit is to be provided to all the units in the Special Economic Zones.